GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:650
ANSWERED ON:03.03.2005
CHANGES IN DEFENCE PURCHASE POLICY
Singh Shri Chandra Bhushan

Will the Minister of DEFENCE be pleased to state:

(a) whether most of the Defence Public Sector Undertakings having surplus capacity are exporting their products;

(b) if so, whether the Defence Public Sector Undertakings are not getting timely clearance from the Government with regard to export of their products;

(c) if so, the action taken by the Government in this regard;

(d) whether the Government is considering to make changes in the Defence Purchase Policy to make the purchase of imported equipments through the buy and make mode with transfer of technology instead of resorting to the buy mode only; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF DEFENCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI BIJOY KRISHNA HANDIQUE)

(a) to (c): The Defence Public Sector Undertakings (DPSUs) under the Ministry of Defence by their very strategic nature have certain inherent surge capacities to meet wartime exigencies. The capacity utilization of the DPSUs also depends on the peaks and troughs of domestic defence acquisition. For certain military stores listed by the Directorate General of Foreign Trade, as is revised from time to time no clearance is required. Prior clearance for export is required only for Military Stores, which are of strategic importance for our defence forces. Excess capacities as and when they arise, are utilized for the civil sector and exports.

(d) & (e): The scope of Defence Procurement Proceedure-2002 (Version June, 2003) includes a provision for the procurement of equipment through imports alongwith transfer of technology, whenever the requirement is large and spread over a long period of time.